

Josh Shapiro
1/9/2023

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

SCOTT EASOM, ADRIAN HOWARD, §
and JOHN NAU, on behalf of §
themselves and on behalf of §
all others similarly §
situated, §

§
Plaintiffs, §

V. § CIVIL ACTION NO. 4:20-CV-02995

US WELL SERVICES, LLC §

§
Defendant. §

ORAL DEPOSITION OF
JOSH SHAPIRO, AS CORPORATE REPRESENTATIVE
OF U.S. WELL SERVICES, LLC
JANUARY 9, 2023

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1 Do you recall that testimony?

2 A I do.

3 Q Okay. What led you to believe -- you
4 believe -- what led you to that conclusion?

5 A What was going on in the general
6 environment. It seemed like extenuating
7 circumstances, that nothing really applied. It was
8 just a crazy time, with schools being shut down. And,
9 you know, this brings -- I mean, you asked me earlier
10 if U.S. Well Services had ever considered the WARN
11 Act. You know, as in like formal group settings and
12 meetings, this was not the topic of conversation and
13 it never was, but I know that, you know, people must
14 have been considering it.

15 I -- you know, a decision was made not
16 to, you know, do the -- or we did not provide official
17 WARN Act notice and stuff. And so people were
18 thinking about it. I know guys like Joel and Dean,
19 they -- this is -- these are -- these are things that
20 they consider. I just -- this was not directly
21 communicated to me, but you asked, you know, why would
22 it not apply. I mean, how can schools get shut down
23 and everything kind of change overnight? I mean, so
24 much was going on, figured, you know, this was --
25 with -- with everything going on and kind of shelter

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1 in place, how can -- how can the WARN Act apply? I
2 mean, that's the way I think about it personally, Josh
3 Shapiro as U.S. Well Services. I think we were
4 focused on survival more than anything else. And you
5 know...

6 Q You were in survival mode?

7 A Absolutely.

8 Q Okay. You are aware that the decision to
9 terminate employees was made before any declaration by
10 the President of United States in March of 2020?

11 MR. KORN: Object to form.

12 A I was not.

13 Q (By Mr. Assaad) Okay. Do you know when the
14 decision was to have additional terminations after the
15 March 6 termination in Texas?

16 A I do not know specifically.

17 Q Okay. Now, you said -- so you agree that
18 U.S. Well Services did not send any official WARN Act
19 notice to the employees or any agency, correct?

20 A I agree.

21 Q Okay.

22 MR. KORN: I didn't get to object to
23 the form and to the extent it calls for a legal
24 conclusion. I just didn't get it in before he
25 answered.

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1 question.

2 A Salary cuts were made across the board,
3 hourly pay cuts were made across the board. I think
4 that was the extent of the thoughts around reducing
5 compensation.

6 Q (By Mr. Assaad) But was there any
7 calculation or discussion with respect to reducing --
8 having pay cuts so that there would be some money
9 there to at least provide notice -- notice pay or a
10 severance pay to the employees that were terminated?

11 A I think as we -- you know, as we evaluated
12 cost-cutting initiatives, labor was one area of it.
13 And reductions in salaries, it was not -- to the
14 extent we were saving money, it was not to pay any
15 employees who were leaving. It was to keep the firm
16 afloat. That was why salaries were cut. This was not
17 a let's -- you know, let's take care -- our focus was
18 keeping the company afloat so that as we scale back
19 up -- this is a cyclical industry and people get let
20 go when crews are dropped and people get rehired when
21 crews are picked back up. If the firm goes under and
22 enters into bankruptcy, the chance of being able to
23 execute that is very low.

24 Q Was there any discussions of bankruptcy
25 during that period?

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1 A Absolutely.

2 Q With who?

3 A Internally.

4 Q With yourself?

5 A Yes. We never hired a restructuring advisor
6 or anything like that, but it was clearly a focus.

7 Q At what point in time?

8 A Specifically bankruptcy? In March of 2020
9 as we were looking at these. I mean, these are
10 drastic actions and we did not take anything lightly.

11 Q Did U.S. Well Services have a line of credit
12 in March of 2020?

13 A We did.

14 Q How much?

15 A At the time, it was a \$75 million committed
16 ABL facility, however, it's based on accounts
17 receivable. So you have a borrowing base based on
18 accounts receivable. I don't recall exactly how much
19 was drawn or -- I want to say we had like \$55 million
20 drawn in Q1 or at Q4 2019, but, you know, it's based
21 on your accounts receivable. So if customers drop
22 your fleet and you're not generating revenue, revenue
23 declines, you collect accounts receivable, your
24 borrowing base decreases and it could put you in a
25 death spiral.

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1 Q -- did the people show up at work and just
2 say, look, we shut down the well, you've got to leave
3 right now, or do they give some notice to --

4 A No. There was not --

5 Q -- U.S. Well Service --

6 A There's not advanced notice. And they don't
7 tell the guy -- they call our commercial team and say,
8 hey, look, we're done, you guys need to find other
9 plans. And then it's communicated to the field. And
10 all the while, we're watching a commodity tape that's
11 getting obliterated and there's complete uncertainty
12 in the market. And so every frac company in the
13 industry, every oilfield service company is scrambling
14 looking for work.

15 We are absolutely pounding the pavement
16 looking to see, hey, what happens? We have no idea
17 what our customers are going to decide and when
18 they're going to decide. What's our backup plan?
19 What do we do with these fleets? Where can we put
20 these people? You know, our priority -- we're not
21 kicked back at this point thinking what's -- you know,
22 when should we lay these guys off? It's where can we
23 get them work? And the decision to lay a fleet off is
24 because there's no work. Or to the extent there's
25 work out there, it's at pricing where we're going to

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1 team with respect to these issues, correct?

2 A Yes.

3 Q Do you know whether or not the commercial
4 team informed the employees that we were informed by
5 the oil companies that -- that there's going to be no
6 additional work after this -- after this wellsite?

7 A I -- I don't know exactly how that ends up
8 being communicated. The commercial team would not be
9 the team that communicates that to the field
10 employees. It would get filtered through operations
11 down to, you know, the in-field --

12 Q Okay.

13 A -- leadership.

14 Q Okay. So the commercial team would most
15 likely relay that information, at least to operations?

16 A Yes.

17 Q Okay. And whether or not that information
18 from operations was communicated to the field, you
19 don't know one way or the other?

20 A I -- so I think that there's -- there's
21 probably a misconception here. When -- the commercial
22 team and the operations leadership probably know after
23 the employees in the field. They're out there,
24 they're working with the company, and they -- they
25 know what's going on a lot better than we do in most

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1 cases. Those guys in the field can tell me what's
2 going on and what's going to happen next. If you want
3 to know where the next pad is going to be, ask the
4 guys out in the field. They're going to know before
5 I'm going to know, before operations leadership is
6 going to know and before commercial is going to know.

7 Q Do you remember my question?

8 A Yes.

9 Q What was it?

10 A Your -- your question was --

11 MR. KORN: Hold on a second. That's
12 not a legitimate question. If you have a question,
13 state it. He's not in the game of reiterating your
14 question. That's inappropriate.

15 MR. ASSAAD: I'm asking him if he
16 remembers and he said yes. I'm asking him what he
17 remembers.

18 MR. KORN: Okay. So he answered yes.

19 Q (By Mr. Assaad) Okay. What was it?

20 MR. KORN: No. Don't answer it.

21 That's argumentative.

22 What do you want? Do you want him to
23 tell you what your questions were today? That's not
24 fair.

25 MR. ASSAAD: I want to know what he

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1 thought he was answering.

2 MR. KORN: Okay. Well, that's a fair
3 question.

4 A I thought I was answering your question.

5 Q (By Mr. Assaad) What was the question you
6 were answering?

7 A Go ahead and ask me again and I'll make sure
8 I'm on the same page as you.

9 Q Do you know whether or not communications
10 regarding the suspension of these wellsites were made
11 from operations to the field operation workers?

12 MR. KORN: Asked and answered.

13 A Yes.

14 Q (By Mr. Assaad) They were? How?

15 A They had to be told that work was not going
16 forward at some point.

17 Q And do you recall seeing any of these
18 communications?

19 A I do not.

20 Q Were they done by e-mail?

21 MR. KORN: He just said he did not see
22 them.

23 MR. ASSAAD: I'm just clarifying,
24 trying to refresh his memory.

25 A Yeah, I did not see them. So...